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## Spain

### Grain and Feed

### Annual

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#### Report Highlights:

As a result of good weather conditions during last fall and winter, Spain's 2002 grain crop could rebound to nearly 22 million tons. However, much of the recovery will be for barley, which is primarily grown on the "Meseta," the high central plain which experiences wide swings in spring weather. The EU's moratorium on GMOs continues to keep U.S. corn out of the Spanish market and the EU's new regulation on novel feed could do the same to U.S. exports of NGFI, particularly corn gluten feed. Spain continues to be an importer of wheat, NGFI, lentils, rice, dry beans and garbanzos from the United States.

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Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
Madrid [SP1], SP

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## EXECUTIVE SUMMARY

**PRODUCTION:** Favorable weather conditions during the fall and winter and lower direct payments for sunflower have resulted in an increase in the crop area for most winter grains. In March, abundant precipitation improved expectations for all winter grains, particularly in the center, south and west. Assuming average weather conditions during the next few months, Spain could have a total crop close to 22 million tons.

**CONSUMPTION:** As a result of both higher livestock production and lower intervention prices, consumption of feed grains has been expanding in the last few years. This trend should continue due to expected higher livestock and poultry production. Corn feeding should reach a record in MY 2001/02, due to a larger crop and to large imports. For MY 2002/03, the use of barley could rise again due to the low intervention price and an expected good crop. The use of NGFI declined in CY 2001 due to the strength of the dollar. Favorable weather improved pasture conditions during the fall and winter of MY 2001/02, which slowed consumption of barley and feed wheat by grazing livestock. For MY 2002/3, lower prices for grains could result in a new record in grain consumption.

**TRADE:** The EU's strategy of postponing the approval of certain U.S. genetically improved corn varieties continues to prevent U.S. corn from being imported under the EU's reduced duty corn quota for Spain. Without a resolution to this trade barrier, no further imports of U.S. corn are expected. U.S. market share has been taken by France, Argentina, Brasil and to a limited extent, Paraguay. About 700,000 tons of U.S. wheat should make it into the Spanish market during MY 2001/2, the highest level in many years. Most of these shipments were U.S. soft red winter wheat, which replaced poor quality French and UK wheats. Extremely high prices for durum wheat have resulted in a new record in Spanish exports in MY 2001/02, but have also prevented significant imports of U.S. durum. Imports of both rice and NGFI from the U.S. declined while imports of U.S. lentils remained stable in 2001/02. As in the previous marketing year, the CIF price for U.S. sorghum has been above the price in the domestic market and has prevented significant imports of sorghum under the U.S.-EU Enlargement Agreement. The sorghum shortfall is estimated at about 430,000 tons, which must be imported by February 28, 2003 in order to meet the requirements established under the Agreement. Spain's annual grain deficit averages about 7 million tons. Consequently, even with a good crop, prices for most grains remain well above intervention levels. A good harvest in 2002 would likely lower imports of both feed and bread wheats from outside the EU.

**POLICY:** Lack of market access created by the EU's barriers to marketing genetically improved grain is the most pressing policy issue facing U.S. exports to Spain. The EU's interminable and ad-hoc approval requirements for marketing commodities produced with the aid of modern biotechnology have resulted in a de-facto ban on U.S. corn exports. Spain has also been slow to approve additional varieties of GMO corn. At least three varieties have been awaiting final approval at the Ministry of Agriculture for nearly two years.

**MARKETING:** While the EU's delays in approving GMO corn varieties have basically eliminated a 1.5 to 1.8 million ton market for U.S. corn, Spain continues to be a good market for U.S. hard and soft

wheat (700,000 tons), NGFIs (834,000 tons), lentils (23,000 tons), sorghum, and other pulses. For CY 2001, NGFI declined due to the strength of the U.S. dollar and despite high prices for feed grains.

**WHEAT**

PSD Table						
Country	Spain					
Commodity	Wheat				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		07/2000		07/2001		07/2002
Area Harvested	2370	2370	2155	2201	0	2370
Beginning Stocks	100	250	550	450	550	450
Production	7330	7330	5000	5416	0	6800
TOTAL Mkt. Yr. Imports	2994	2999	4300	4500	0	3500
Jul-Jun Imports	2994	2299	4300	4500	0	3500
Jul-Jun Import U.S.	0	115	0	700	0	250
TOTAL SUPPLY	10424	10579	9850	10366	550	10750
TOTAL Mkt. Yr. Exports	1039	1237	1000	1550	0	1450
Jul-Jun Exports	1039	1237	1000	1550	0	1450
Feed Dom. Consumption	5400	4672	4800	4146	0	4630
TOTAL Dom. Consumption	8835	8892	8300	8366	0	8850
Ending Stocks	550	450	550	450	0	450
TOTAL DISTRIBUTION	10424	10579	9850	10366	0	10750

Prices Table			
Country	Spain		
Commodity	Wheat		
Prices in	Euros	per	Metric Ton
Year	2000	2001	% Change
Jan	134	133	-0.75%
Feb	138	135	-2.17%
Mar	138	132	-4.35%
Apr	143	132	-7.69%
May	135	138	2.22%
Jun	128	144	12.50%
Jul	123	155	26.02%
Aug	124	152	22.58%
Sep	124	154	24.19%
Oct	126	155	23.02%
Nov	126	156	23.81%
Dec	130	156	20.00%
Exchange Rate	1.15	Local currency/US \$	

### Production

Favorable planting conditions, a larger crop area (helped by shifts of area from sunflower), and abundant rains in March could result in a substantially larger wheat crop. After planting, the rains have been adequate in most winter grains areas. In general, the Spanish winter grain looks good and yield expectations are better than average. However, Spain's weather during April and May is notoriously fickle.

### Consumption

High prices for durum and feed wheat and relatively lower prices for corn resulted in a drop in feed consumption of wheat during MY 2001/02. Demand for human consumption remains relatively stable. Imports of high quality U.S. hard and soft wheats for blending purposes rose in MY 2001/02 due to the poor quality of French wheat and high prices for the UK's Riban/Consort wheat variety. For MY 2002/03, the expected better crop and expanding meat production should result in an increase in the use of wheat in feed formulas.

### Trade

A good crop of durum and high prices for durum in the international market could result in a record in wheat exports in MY 2001/02. Wheat exports, mainly durum, are expected to increase to 1.5 million tons. Exports of semolina and pasta are an important part of this forecast: together, they will account for about 500,000 tons, wheat equivalent. The same trend in exports is expected for MY 2002/03. Spain primarily imported feed wheat from other EU countries. In MY 2000/01, low import duties, high prices for UK Riban/Consort and poor quality for French soft wheat resulted in sales of about 500,000 tons of U.S. Soft Red Winter (SRW). In addition, about 150,000 tons of U.S. Hard Red Spring are expected for MY 2001/02, due to the continued need for high protein wheat for blending purposes. Total U.S. exports to Spain are expected to approach 700,000 tons in 2001/02.

For MY2002/03, if the quality of French and UK is adequate, Spanish imports of U.S. wheat are likely to decline to about 250,000 tons. According to Spanish millers, U.S. SRW has good milling and baking qualities and some imports could continue into MY 2002/03. Imports of feed wheat from Ukraine, which has been highly competitive in MY 2001/02, are also likely to decline in MY 2002/03. The CIF price in Spanish ports for UK feed wheat for October delivery is about 124 euros per ton, which is some 22 euros under the threshold price for Ukrainian feed wheat for the same delivery period.

Import Trade Matrix	
Country	Spain
Commodity	Wheat
Time period	MY
Imports from:	2000
U.S.	114610
Others	
France	1423064
UK	918662
Canada	184393
Portugal	142156
Germany	123813
Turkey	26140
Italy	29789
Total for Others	2848017
Others not Listed	36361
Grand Total	2998988

Export Trade Matrix	
Country	Spain
Commodity	Wheat
Time period	MY
Exports to:	2000
U.S.	
Others	
France	314527
Italy	292568
Cuba	148182
Portugal	108440
Libya	88326
Algeria	47227
Belgium	41936
Total for Others	1041206
Others not Listed	186212
Grand Total	1227418

## Policy

Under the new CAP regime, compensatory payment for oilseeds and grain were both set at 63 euros per ton for MY 2002/2003. Since grain yields are usually higher than those for sunflower seed, farmers will likely shift some area previously planted in sunflower seed to wheat, corn and barley. For MY 2002/03, the intervention price for wheat will be maintained at 101.31 euros per ton. With market prices far above this level, no sales to intervention stocks are expected. Even if wheat prices declined to intervention, Spain's annual wheat deficit of more than 3 million tons would divert cheap supplies into feed formulas.

**DURUM**

PSD Table						
Country	Spain					
Commodity	Wheat, Durum				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		07/2000		07/2001		07/2002
Area Harvested	0	868	0	881		890
Beginning Stocks	0	0	0	0	0	0
Production	0	1916	0	1837		1900
TOTAL Mkt. Yr. Imports	0	229	0	100		100
Jul-Jun Imports	0	229	0	100		100
Jul-Jun Import U.S.	0	0	0	10	0	0
TOTAL SUPPLY	0	2145	0	1937	0	2000
TOTAL Mkt. Yr. Exports	0	857	0	1200		1100
Jul-Jun Exports	0	857	0	1200	0	1100
Feed Dom. Consumption	0	838	0	237	0	400
TOTAL Dom. Consumption	0	1288	0	737	0	900
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	0	2145	0	1937	0	2000

**Production**

Favorable weather conditions prevailing in durum areas thru late March suggest an above average crop for 2002. Seeded area is up due to good weather during planting and to shifts of land from sunflower production. Abundant rains in March have resulted in higher yield expectations and a production forecast of 1.9 million tons. In the last few years, durum area has been expanding faster than EU quotas for the crop. This year's estimated crop area of 890,000 hectares is nearly 50 percent above the EU quota of 598,000 hectares, which would imply that producers will face severe penalties. However, producers have a strong incentive to plant durum, even assuming penalties are imposed. Besides EU direct payments of nearly 344.5 euros/hectare for traditional durum areas (30 percent of total grain area) or 138.9 euros/hectare for producers located in non-traditional durum areas, farmers also receive direct payments of 63 euros/ton under the general grains regime.

**Consumption**

Human consumption of durum is rising because of the low price for semolina and pasta in the last few years. Feed use fluctuates significantly from year to year depending on quality, size of the crop and prices. Feed use during

MY 2001/02 has been minimal due the high price of durum in comparison with other feed ingredients. With a larger crop expected in MY 2002/03, prices should drop and durum should reappear in feed formulas.

Prices Table			
Country	Spain		
Commodity	Wheat, Durum		
Prices in	Euros	per	Metric Ton
Year	2000	2001	% Change
Jan	144	144	0.00%
Feb	144	150	4.17%
Mar	144	150	4.17%
Apr	150	156	4.00%
May	150	144	-4.00%
Jun	144	150	4.17%
Jul	114	162	42.11%
Aug	126	168	33.33%
Sep	126	174	38.10%
Oct	126	180	42.86%
Nov	132	186	40.91%
Dec	144	192	33.33%
Exchange Rate	1.15	Local currency/US \$	

## Trade

Spain's durum exports include grain, groats, semolina and pasta to other EU countries and to North Africa and Cuba. Exports in MY 2000/2001 included 653,952 tons of durum; 95,264 tons groats; 5,621 tons semolina; and 31,072 tons of pasta. Exports should be larger in 2001/02 and given the current crop prospects, should maintain a high level in 2002/3.

In marketing year 1999/00, Spain purchased 26,217 tons of U.S. durum (desert durum) to improve the quality of the semolina used to produce high quality pasta. However, the high premium for U.S. durum, about \$40 per ton above domestic prices in MY 2000/01 and 2001/02, has kept this trade to minimal levels.

Import Trade Matrix	
Country	Spain
Commodity	Wheat, Durum
Time period	MY
Imports for:	2000
U.S.	100
Others	
France	127624
Italy	28990
Portugal	26832
Turkey	26140
Total for Others	209586
Others not Listed	13203
Grand Total	222889

Export Trade Matrix	
Country	Spain
Commodity	Wheat, Durum
Time period	MY
Exports for:	2000/01
U.S.	17
Others	
Italy	290495
France	249027
Portugal	62269
Algeria	47226
Germany	38721
Belgium	41936
Total for Others	729674
Others not Listed	127271
Grand Total	856962

**CORN**

PSD Table						
Country	Spain					
Commodity	Corn					
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		07/2000		07/2001		07/2002
Area Harvested	425	425	500	504	0	490
Beginning Stocks	1075	400	956	400	1106	300
Production	3897	3897	5100	5108	0	4900
TOTAL Mkt. Yr. Imports	3229	3258	3600	3500	0	3200
Oct-Sep Imports	3234	3258	3600	3500	0	3200
Oct-Sep Import U.S.	0	3	0	3	0	3
TOTAL SUPPLY	8201	7555	9656	9008	1106	8400
TOTAL Mkt. Yr. Exports	95	105	150	150	0	150
Oct-Sep Exports	110	105	150	150	0	150
Feed Dom. Consumption	6150	5750	7400	7258	0	6650
TOTAL Dom. Consumption	7150	7050	8400	8558	0	7950
Ending Stocks	956	400	1106	300	0	300
TOTAL DISTRIBUTION	8201	7555	9656	9008	0	8400

**Production**

Due to high penalties for over-quota production in MY 2001/02 and to current lower water levels in reservoirs located in the northern growing areas, corn area is expected to be off slightly in 2002. As a result, MY 2002/03 production is expected to decline to about 4.9 million tons. An estimated 30,000 hectares of BT corn are expected to be seeded in the 2002 crop. Given the significantly higher yields produced by BT corn, more could undoubtedly be sold; however, expansion beyond this level is considered to be politically difficult. Spanish farmers understand that higher yields have been the key factor in making corn production profitable. The national average yield has improved by about 30 percent in the last 10 years, and currently stands at about 10 tons per hectare. There is also an increasing awareness among producers that modern biotechnology could provide the means to further improvement in both yields and profits.

**Consumption**

In MY 2000/01, corn consumption for feed rose due to a record Spanish crop. During most of the fall and winter, the price for corn was lower than the price for feed wheat and barley. Consequently, corn replaced some wheat and barley in feed formulas. Demand for corn from processors has risen to about 1.3 million tons. Currently, both wet and dry millers have a policy of avoiding the use of GMO corn. This policy costs the industry about 14 million euros a year for segregation and testing. The wet milling industry consumes just over 1 million tons annually; dry millers, about 180,000 tons; and corn flour millers, 120,000 tons. Feed compounders continue to accept GMO corn. If the barley and wheat harvests are good in 2002, corn consumption could drop in MY 2002/03.

## Stocks

We have reduced our estimate of ending stocks for MY2001/02 from 1.1 million tons to only 300,000 tons. The reason for this dramatic drop is because the market expects corn prices to fall in MY 2002/3-- from 150 euros/ton in July to about 130 euros/ton in October. This expectation is based on supply pressures from both UK feed wheat and domestic feed grains. With falling prices, grain merchants are reducing stocks to avoid losses.

Prices Table			
Country	Spain		
Commodity	Corn		
Prices in	Euros	per	Metric Ton
Year	2000	2001	% Change
Jan	140	140	0.00%
Feb	140	140	0.00%
Mar	140	140	0.00%
Apr	140	140	0.00%
May	140	140	0.00%
Jun	140	140	0.00%
Jul	150	140	-6.67%
Aug	140	130	-7.14%
Sep	140	130	-7.14%
Oct	140	130	-7.14%
Nov	140	130	-7.14%
Dec	140	130	-7.14%
Exchange Rate	1.15	Local currency/US \$	

## Trade

Since November 1998, no regular U.S. corn has been imported due to the EU's failure to approve additional genetically improved varieties. The traditional imports from the United States are being replaced with supplies from France, Argentina, Brasil, and Paraguay. Spain exports corn, primarily to Portugal during the harvesting

period. Exports of milled corn products are around 10,000 tons a year. Under the EU's reduced-duty corn quota, Spain still has an outstanding balance of about 900,000 tons of corn to import during calendar year 2002.

Import Trade Matrix	
Country	Spain
Commodity	Corn
Time period	MY
Imports for:	2000
U.S.	2760
Others	
France	1492782
Argentina	995343
Brazil	688445
Paraguay	58442
Portugal	15873
Total for Others	3250885
Others not Listed	3986
Grand Total	3257631

Export Trade Matrix	
Country	Spain
Commodity	Corn
Time period	MY
Exports for:	2000
U.S.	0
Others	
Portugal	100223
Belgium	2602
France	2351
Total for Others	105176
Others not Listed	294
Grand Total	105470

## Policy

Area, and therefore output, will continue to be constrained by the EU-set area eligible for compensatory payments. However, as part of CAP reform, compensatory payments were set at 63 euros per ton for MY 2001/02, which is very important for corn production in Spain where the cost of production is extremely high. The compensatory payment is equivalent to about 40 percent of production costs. In CY 2001, the crop area

was over the area quota established for Spain, which implies severe future penalties for producers.

## BARLEY

PSD Table						
Country	Spain					
Commodity	Barley					(1000 HA)(1000 MT)
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		07/2000		07/2001		07/2002
Area Harvested	3307	3307	2900	2994	0	3200
Beginning Stocks	616	200	1084	700	134	0
Production	11283	11283	6250	6245	0	9000
TOTAL Mkt. Yr. Imports	100	63	1400	1500	0	100
Oct-Sep Imports	100	433	1500	1500	0	100
Oct-Sep Import U.S.	0	39	0	0	0	0
TOTAL SUPPLY	11999	11546	8734	8445	134	9100
TOTAL Mkt. Yr. Exports	315	315	200	100	0	200
Oct-Sep Exports	285	285	200	100	0	200
Feed Dom. Consumption	9500	9531	7300	7345	0	7700
TOTAL Dom. Consumption	10600	10531	8400	8345	0	8700
Ending Stocks	1084	700	134	0	0	200
TOTAL DISTRIBUTION	11999	11546	8734	8445	0	9100

### Production

Dry weather during the winter and wet growing conditions during March have been favorable for the development of the barley crop. With this good start, the crop could reach 9 million tons for CY 2002; however, achieving this forecast will still require average rainfall during April and May. If the Spanish crop, as well as those in other EU countries, reach their potential, producer prices could drop below US\$90 per ton.

### Consumption

Output of the Spanish livestock sector has been growing by about 5 percent annually during the last few years and should continue to do so for the near term. Consequently, feed grain consumption should also increase accordingly. The prospects for a larger harvest in 2002, combined with a low intervention price, should lower prices in domestic market during MY 2002/03, thus encouraging the use of barley in feed formulas. Intervention stocks of barley are currently minimal and should remain so during the coming marketing year.

## Stocks

We now believe that of stocks for MY 2001/02 will fall sharply, from 700,000 tons at the beginning of the year to zero at the end. The reason for this steep decline is because the large MY 2000/01 crop of about 11.3 million tons resulted in large sales to intervention. The following marketing year, 2001/02, saw a much reduced harvest -- about 6.3 million tons, which prompted the sale of all intervention stocks to supply the domestic market. With prospects for a good crop in MY 2002/3, prices in production areas are expected to fall from current levels of about 136 euros/ton to around 95 euros/ton in June 2002. This price differential gives producers a strong incentive to sell all remaining supplies in the next few weeks.

Prices Table			
Country	Spain		
Commodity	Barley		
Prices in	Euros	per	Metric ton
Year		1	% Change
Jan	130	120	-7.69%
Feb	130	120	-7.69%
Mar	130	120	-7.69%
Apr	130	110	-15.38%
May	130	120	-7.69%
Jun	120	120	0.00%
Jul	110	120	9.09%
Aug	110	130	18.18%
Sep	110	130	18.18%
Oct	110	140	27.27%
Nov	110	140	27.27%
Dec	110	140	27.27%
Exchange Rate	1.15	Local currency/US \$	

## Trade

The new intervention price of about 101.31 euros per ton and an expected bumper crop for barley could send prices lower than US\$90 per ton in production areas. At this price, Spanish barley could be exported to North African countries with little or no EU export refunds. However, taking into account the large domestic consumption, minimal exports are expected. Large domestic supplies would also reduce imports for MY

2002/03.

Import Trade Matrix	
Country	Spain
Commodity	Barley
Time period	MY
Imports for:	2000
U.S.	0
Others	
France	39011
Portugal	16846
Germany	4118
Total for Others	59975
Others not Listed	2621
Grand Total	62596

Export Trade Matrix	
Country	Spain
Commodity	Barley
Time period	MY
Exports for:	2000
U.S.	0
Others	
Portugal	202402
Greece	23308
Morocco	21168
Algeria	19850
Romania	9000
Total for Others	275728
Others not Listed	39741
Grand Total	315469

**RICE**

PSD Table						
Country	Spain					
Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Area Harvested	115	115	115	113	0	105
Beginning Stocks	186	183	137	207	134	205
Milled Production	559	558	622	621	0	605
Rough Production	799	797	889	887	0	864
MILLING RATE (.9999)	7000	7000	7000	7000	0	7000
TOTAL Imports	100	78	100	70	0	65
Jan-Dec Imports	100	73	100	68	0	70
Jan-Dec Import U.S.	0	18	0	18	0	40
TOTAL SUPPLY	845	819	859	898	134	875
TOTAL Exports	323	242	335	313	0	300
Jan-Dec Exports	325	245	335	313	0	300
TOTAL Dom. Consumption	385	370	390	380	0	380
Ending Stocks	137	207	134	205	0	195
TOTAL DISTRIBUTION	845	819	859	898	0	875

**Production**

Reservoirs currently have sufficient water supplies needed to maintain average rice yields and to expand area during the next two years in most production areas. The national average yield has risen significantly during the past decade and now stands at about 8 tons of paddy per hectare. A new variety of indica rice, called "Puntal," is replacing L-202 in the southern production area; it reportedly yields more than 9 tons per hectare. The area planted with long grain rice is expected to be about 58,000 hectares in 2002. Direct payments to rice producers were reduced by about 45 percent because the production area was over Spain's EU quota. The current intervention price makes rice production profitable in most rice areas even without direct payments. Intervention stocks have been rising over the past few years and now amount to 149,875 tons (paddy basis); most is long grain.

**Consumption**

The direct human consumption of rice is stable. Long grain consumption is estimated at about 33,000 tons. Lower prices have encouraged its use in pet food and beer production as well as other non-food uses.

Prices Table			
Country	Spain		
Commodity	Rice, Milled		
Prices in	Euros	per	Metric Ton
Year	2000	2001	% Change
Jan	451	459	1.77%
Feb	457	468	2.41%
Mar	469	475	1.28%
Apr	469	462	-1.49%
May	469	454	-3.20%
Jun	469	428	-8.74%
Jul	462	428	-7.36%
Aug	462	412	-10.82%
Sep	457	415	-9.19%
Oct	451	410	-9.09%
Nov	451	410	-9.09%
Dec	451	412	-8.65%
Exchange Rate	1.15	Local currency/US \$	

### Trade

Spain exports mainly long grain rice to other EU countries. Exports are expected to rise to about 315,000 tons in 2001/02 due to lower production in Italy. Imports under tariff rate quotas are expected to be stable for CY 2002/03. The new agreement signed with less developed countries could result in additional imports under tariff rate quotas during the next few years. Imports from the United States declined to 20,434 tons in MY2000. However, U.S. export data suggest that shipments in MY 2001 should rebound to nearly 40,000 tons.

Import Trade Matrix	
Country	Spain
Commodity	Rice, Milled
Time period	MY
Imports for:	2000
U.S.	20434
Others	
Italy	20136
Australia	9618
Greece	7178
Thailand	3044
Egypt	3587
Total for Others	43563
Others not Listed	13747
Grand Total	77744

Export Trade Matrix	
Country	Spain
Commodity	Rice, Milled
Time period	MY
Exports for:	2000
U.S.	0
Others	
Belgium	72193
UK	42247
Netherlands	21504
Germany	17983
Portugal	17026
Liberia	9681
Algeria	8755
Total for Others	189389
Others not Listed	52452
Grand Total	241841

## Policy

Spain's EU-set rice area quota is 104,973 hectares. In 2001/02, crop area was about 8 percent higher than the quota, which triggered a reduction of the direct payment by about 45 percent, to 185 euros per hectare. The intervention price was set at 298.35 euros/ton for 2002/03. Regarding EU rice reform, rice producers hope to maintain the intervention price, but would accept a reduction in the intervention price if direct payments were increased to compensate.

**PEAS**

PSD Table						
Country	Spain					
Commodity	Peas					
					(1000 HA)	(1000 MT)
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		07/2000		07/2001		07/2002
Area Harvested	0	42	0	43	0	45
Beginning Stocks	0	0	0	0	0	0
Production	0	57	0	48	0	50
TOTAL Mkt. Yr. Imports	0	682	0	620	0	650
Jul-Jun Imports	0	682	0	620	0	650
Jul-Jun Import U.S.	0	1	0	12	0	12
TOTAL SUPPLY	0	739	0	668	0	700
TOTAL Mkt. Yr. Exports	0	7	0	8	0	9
Jul-Jun Exports	0	7	0	8	0	9
Feed Dom. Consumption	0	727	0	655	0	686
TOTAL Dom. Consumption	0	732	0	660	0	691
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	0	739	0	668	0	700

**Production, Consumption, and Trade**

The current direct payment of 72.5 euros per ton is a key factor in maintaining crop area for the next few years. The reduction in the direct payment for sunflower production could result in a larger production of feed peas. Total imports rose by 30 percent in MY 2000/01. Human consumption of peas is about 5,000 tons. Most of the peas imported from the U.S. are for human consumption.

Import Trade Matrix	
Country	Spain
Commodity	Peas
Time period	MY
Imports for:	2000
U.S.	1440
Others	
Canada	658908
France	11102
Australia	4067
Argentina	2801
UK	2433
Total for Others	679311
Others not Listed	1294
Grand Total	682045

Export Trade Matrix	
Country	Spain
Commodity	Peas
Time period	MY
Exports for:	2000
U.S.	0
Others	
France	5651
Portugal	1086
Total for Others	6737
Others not Listed	280
Grand Total	7017

**LENTILS**

PSD Table						
Country	Spain					
Commodity	Lentils				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		07/2000		07/2001		07/2002
Area Harvested	0	25	0	27	0	27
Beginning Stocks	0	2	0	4	0	4
Production	0	23	0	17	0	20
TOTAL Mkt. Yr. Imports	0	45	0	42	0	39
Jul-Jun Imports	0	45	0	55	0	39
Jul-Jun Import U.S.	0	23	0	22	0	22
TOTAL SUPPLY	0	70	0	63	0	63
TOTAL Mkt. Yr. Exports	0	2	0	2	0	2
Jul-Jun Exports	0	2	0	2	0	2
Feed Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	0	64	0	57	0	57
Ending Stocks	0	4	0	4	0	4
TOTAL DISTRIBUTION	0	70	0	63	0	63

**Consumption, Policy and Trade Production**

Dry weather conditions in late spring of 2001 resulted in a short crop of lentils. With better weather so far in 2002, output should return to normal. In order to prevent a further reduction in garbanzo and lentil crop area, 160,000 hectares of total area quota allocated previously to legumes were allocated to garbanzos and lentils. The EU production subsidy for both crops is 181 euros/hectare. The area planted with lentils is exempt from the mandatory set aside programs. If the total area planted with lentils and garbanzos is over 160,000 hectares, direct payments are reduced proportionally. Lentil production would not be economically viable in the absence of the subsidies. In MY 2000/1, exports from the United States were about 30 percent of total consumption. For MY 2002/03, similar imports from the United States are expected. According to trade sources, Pardina and Eston lentils have a very good potential in the Spanish Market. The U.S. has a particularly strong position in the Pardina market, supplying more than 90 percent of the total sold.

Prices Table			
Country	Spain		
Commodity	Lentils		
Prices in	Euros	per	Kilogram
Year	2000	2001	% Change
Jan	0.47	0.43	-8.51%
Feb	0.47	0.49	4.26%
Mar	0.46	0.46	0.00%
Apr	0.46	0.46	0.00%
May	0.46	0.46	0.00%
Jun	0.45	0.44	-2.22%
Jul	0.39	0.38	-2.56%
Aug	0.47	0.5	6.38%
Sep	0.47	0.49	4.26%
Oct	0.47	0.49	4.26%
Nov	0.48	0.5	4.17%
Dec	0.49	0.5	2.04%
Exchange Rate	1.15	Local currency/US \$	

Import Trade Matrix	
Country	Spain
Commodity	Lentils
Time period	MY
Imports for:	2000
U.S.	22801
Others	
Canada	21202
China	100
Total for Others	21302
Others not Listed	559
Grand Total	44662

Export Trade Matrix	
Country	Spain
Commodity	Lentils
Time period	MY
Exports for:	2000
U.S.	0
Others	
Algeria	774
France	438
Belgium	316
Greece	205
Portugal	126
Total for Others	1859
Others not Listed	530
Grand Total	2389